

## What is Continuation Pay (CP)?

- Under the Blended Retirement System (BRS), CP is a one-time, mid-career financial incentive payable to Soldiers between the 8 and no more than 12 year point of service from the pay entry base date (PEBD) in exchange for additional service. This is subject to change based on the current BRS CY CP Implementation Guidance Memo.
- CP is in addition to any career field-specific incentives or retention bonuses.
- CP is a retention tool used to manage the size of the force.

## How Much CP Will I Receive?



$$\text{Monthly Basic Pay} \times \text{Multiplier}^1 = \text{Gross CP} - \text{Tax Withholding}^2 = \text{Net CP}^3$$

<sup>1</sup> National Guard or Reserve in the Selected Reserve (minus AGR) may receive 0.5 to 6 times their active duty monthly basic pay; Active duty (including AGR) personnel may receive 2.5 to 13 times their active duty monthly basic pay.

<sup>2</sup> CP is eligible for Combat Zone Tax Exclusion (CZTE), but Social Security and Medicare taxes will still be taken out. If not in a CZTE, a 22% Federal Income tax will be withheld.

<sup>3</sup> What you take home.

## What Must I Do to Receive CP?



1. You must be enrolled in the BRS, agree to perform additional obligated service, and elect to receive CP before the start of the year of service identified in the current BRS CY CP Implementation Guidance Memo (as identified as being prior to reaching the 9th, 10th, 11th, or 12th year of service as computed from the Pay Entry Basic Date).
2. Eligible Soldiers receive CP in return for additional service obligation (concurrent with other service commitments). The Army will determine the commitment. Please note, you may need to repay any unearned portion of the CP if you do not complete your additional service obligation.

## How Will My CP Be Paid?

You can choose to receive a one-time payment or take multiple payments to potentially save on taxes.

### One Installment

Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1.

### Two Equal Installments

Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1; the next installment is paid the following year.

### Four Equal Installments

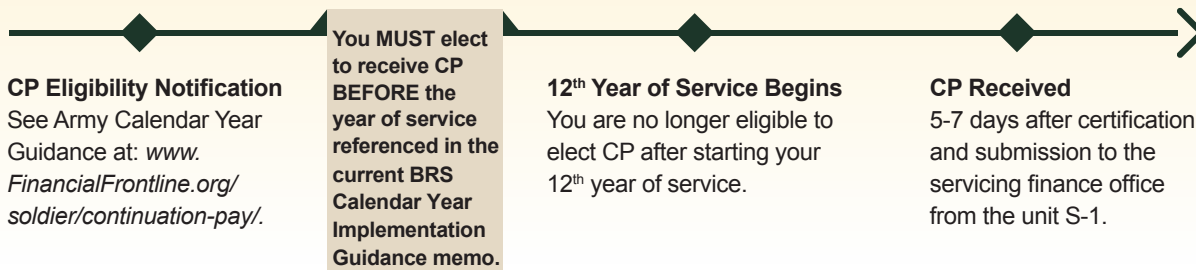
Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1; the remainder in three equal annual installments.



### Which installment plan is right for YOU?

How much will you potentially pay in taxes on your CP? Remember, CP is subject to tax withholding!

## When Do I Need to Make My CP Election?



## What Should I Do With My CP?

### A Personal Financial Manager/Counselor Can Help You Plan!

The choice is yours and should be based on your current financial situation. Get a financial checkup as part of the decision-making process. You can do one or more of the following:



#### Pay Down Debt!

Do you have credit card debt, student loan debt, or other kinds of debt? Are you paying more in interest than you can expect from savings or investments? Pay as many debts as you can, starting with those that cost you the most in interest.

**TIP:** *Adding extra money to payments makes for a quicker payoff.*



#### Save It!

Do you have an emergency or reserve fund in a savings or money market account? Set one up...or top yours off.

**TIP:** *Check the annual percentage rate (APR) and terms of agreement before placing money into any account.*



#### Invest It!

Are you looking toward a more prosperous future? Consider putting your CP to work in your Thrift Savings Plan (TSP) account, in an IRA, or in a college savings plan.

**TIP:** *Be aware of annual contribution limits on retirement accounts. Review your spending plan and talk to an investment professional before investing.*



#### Spend It!

Will your CP fund a vacation, a vehicle, a big project, or the down payment on a house?

**TIP:** *Before you spend your CP, review your spending plan to ensure your savings goals are on track and your debt-to-income ratio is reasonable.*



#### Gift It!

You can choose to gift or donate some or all of your CP. You may be eligible for a tax deduction depending on where you donate it.

**TIP:** *Review your spending plan to ensure your finances are in good order before you donate your CP.*

### Resources:



For more information on CP, including eligibility and current pay rates, visit [www.FinancialFrontline.org/soldier/continuation-pay](http://www.FinancialFrontline.org/soldier/continuation-pay).



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